

BELLSOUTH

EX PARTE OR LATE FILED

Ben G. Almond
Executive Director-
Federal Regulatory

DOCKET FILE COPY ORIGINAL

Suite 900
1133-21st Street, N.W.
Washington, D.C. 20036
202 463-4112
Fax: 202 463-4198

May 31, 1994

RECEIVED

MAY 31 1994

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, NW, Room 222
Washington, DC 20554

RE: RM 8181 Inmate Calling Services

Dear Mr. Caton:

In accordance with the requirement of Section 1.1206 (a)(1) of the Commission's Rules, you are hereby notified that on May 31, 1994 Jim Hawkins, President-Public Communications; David Cockcroft Director-Regulatory Strategy; Julia Strow, Manager-Regulatory; and Ben Almond, Executive Director-Federal Regulatory, all of BellSouth Corporation met with Ruth Milkman, Senior Advisor to Commissioner Hundt and Rudy Baca, Legal Advisor to Commissioner Quello to discuss issues related to inmate services and the pay phone industry. The enclosed document was used for discussion purposes.

Sincerely,



Ben G. Almond
Executive Director-Federal Regulatory

Attachment

cc: Ruth Milkman
Rudy Baca

No. of Copies rec'd
List ABCDE

0+1

RECEIVED

MAY 31 1994

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

BELLSOUTH TELECOMMUNICATIONS, INC.
PUBLIC COMMUNICATIONS ISSUES
RM-8181

DEREGULATION OF BOC INMATE SERVICE ABSENT INTERLATA RELIEF
PLACES BOCS AT AN UNFAIR COMPETITIVE DISADVANTAGE

INMATE SERVICE IS COMPETITIVE TODAY IN THAT INDEPENDENT
PAYPHONE PROVIDERS (IPPS) HAVE AN ESTIMATED 40% OF THE
INMATE MARKET IN THE BELLSOUTH REGION

SEGMENTING THE INMATE MARKET WOULD HAVE A NEGATIVE
IMPACT ON THE AVAILABILITY OF LESS PROFITABLE CONTRACTED
STATIONS TRADITIONALLY SUPPORTED BY THE MORE PROFITABLE
INMATE SERVICE

DEREGULATION OF BOC INMATE SERVICE SHOULD NOT BE MANDATED
UNTIL COST RECOVERY ISSUES ARE RESOLVED TO ENSURE A LEVEL
PLAYING FIELD

BOCS ARE CURRENTLY PRECLUDED FROM THE INTERLATA
REVENUE SOURCES AVAILABLE TO IPPS

IPPS ARE NOT NECESSARILY PRECLUDED FROM THE INTRALATA
REVENUE STREAMS AVAILABLE TO BOCS

NO COST RECOVERY MECHANISM EXISTS TO OFFSET EQUIPMENT
EXPENSE CURRENTLY RECOVERED THROUGH FEDERAL ACCESS
CHARGES

REGULATORY TREATMENT SHOULD NOT BE USED TO GIVE UNFAIR AND
UNTIMELY ADVANTAGES TO THE INDEPENDENT PAYPHONE PROVIDERS
IN THE PAY TELEPHONE INDUSTRY'S MOST PROFITABLE MARKET

BELLSOUTH TELECOMMUNICATIONS, INC.
PUBLIC COMMUNICATIONS ISSUES
RM-8181

INTERSTATE REVENUE SOURCES

REVENUE SOURCE	BOC PAYPHONE	IPP PAYPHONE
1+ INTERSTATE USAGE	NO	YES
1+ INTERSTATE OPERATOR	NO (1)	YES
0+/0- INTERSTATE USAGE	NO	YES
0+/0- INTERSTATE OPERATOR	NO (1)	YES
0+/0- INTERSTATE SURCHARGE	NO	YES
0+/0- INTERNATIONAL USAGE	NO	YES
0+/0- INTERNATIONAL OPERATOR	NO (1)	YES
DIAL AROUND COMPENSATION	NO	YES
INTERSTATE ACCESS CHARGES	YES	NO

(1) A 1992 RULING BY JUDGE GREENE FOUND THAT CERTAIN OPERATOR SERVICE FUNCTIONS COULD BE PERFORMED BY BOCS ON BEHALF OF AN INTEREXCHANGE CARRIER (IXC) FOR INTERLATA CALLS. FOR SUCH OPERATOR SERVICES TO BE VIABLE THERE MUST BE DEMONSTRATED MARKET DEMAND BY THE IXC FOR THE SERVICES. BY CONTRAST, INDEPENDENT PAYPHONE PROVIDERS MAY PERFORM THE OPERATOR SERVICE FUNCTION WITHOUT ANY AGREEMENT OR AFFILIATION WITH AN IXC. TO DATE NO DEMAND HAS BEEN DEMONSTRATED BY THE IXCS IN THE BELLSOUTH REGION FOR BOC PROVIDED OPERATOR SERVICE FUNCTIONS THEREFORE BELLSOUTH IS PRECLUDED FROM THESE REVENUE SOURCES SINCE ENTRY REQUIRES IXC DEMAND.